

Minutes of the Finance Committee

Wednesday, December 10, 2014

Chair Heinrich called the meeting to order at 8:30 a.m.

Present: Supervisors Jim Heinrich, Duane Paulson, Richard Morris, Steve Whittow, Bill Zaborowski, Eric Highum, and Larry Nelson.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, Reporter Matt Masterson of The *Freeman*, Treasurer Pam Reeves, Operations & Training Manager Sherri Stigler; Senior Financial Analysts Rob Dunn, Clara Daniels, Linda Hein, Aaron Daul, and Steve Trimborn; Business Manager Peter Mudek, Radio Systems Manager Chris Petterson, Budget Specialist Bill Duckwitz, Administration Director Norm Cummings, Human Resources Manager Jim Richter, Senior Human Resources Analyst Renee Gage, Budget Manager Linda Witkowski, Business Manager Betsy Forrest, Fleet Manager Bob Rauchle, Highway Operations Manager Pete Chladil, Airport Manager Kurt Stanich, Parks System Manager Duane Grimm, and Medical Examiner Dr. Lynda Biedrzycki. Recorded by Mary Pedersen, County Board Office.

Approve Minutes of November 19

MOTION: Morris moved, second by Zaborowski to approve the minutes of November 19. Motion carried 7-0.

Schedule Next Meeting Date

The January 7 Finance Committee meeting has been canceled. The next meeting will be held on January 21.

State Legislative Update

Spaeth advised the new State legislature will begin in January. Committee assignments are being announced and three Waukesha County legislators will be on Joint Finance Committee. She recommended Finance Committee members attend one of the Wisconsin Counties Association (WCA) lobbying days starting January 28 to meet legislators, discuss County issues, budget concerns, legislative proposals, etc. Some State agencies have released their budget proposals for the next two years and the Department of Transportation's proposals, aimed at increasing revenues, are getting a lot of attention. These include increasing highway user fees, tax increases for new autos and trucks, and increasing the motor fuel tax fixed rate. Spaeth anticipates the governor's budget will be released in February. She added that the WCA legislative agenda includes 911 funding.

Nelson noted the State's Department of Transportation secretary will be a guest speaker at the annual meeting of the Public Policy Forum on January 14. Spaeth said she would email the committee additional information.

Results of the 2014 Tax Foreclosure Process

Reeves reviewed her report as outlined. Nine properties were put up for auction with a total appraised value of \$544,500. Of those, four were sold for a total of \$162,500. The net county profit was \$50,246 which does not include 2014 property taxes to be paid. Five properties are still on the County's books – two of which are improved properties. Reeves does not see the foreclosure process as a way to make money but more so to get these properties reoccupied to enhance the aesthetics of the

neighborhoods. Reeves noted the number of delinquencies/foreclosed properties has declined in recent years as more mortgage holders are requiring escrow accounts.

MOTION: Highum moved, second by Nelson to accept the report on the 2014 tax foreclosure process. Motion carried 7-0.

Fund Transfer 2014-01: Treasurer – Transfer Funds from Operating Expenses to Personnel Expenses

Reeves discussed this fund transfer which involves transferring \$5,000 to help cover personnel costs estimated to be above budget due to higher health insurance costs. An employee with a single health insurance plan was replaced with an employee who opted for a family plan. Funds are available in operating expenses as the electronic check presentation equipment will not be purchased now or in the future.

MOTION: Morris moved, second by Zaborowski to approve Fund Transfer 2014-01, Treasurer. Motion carried 7-0.

Fund Transfer 2014-01: Emergency Preparedness – Transfer Funds from Operating Expenses, Fixed Assets and the Contingency Fund to Personnel Expenses

Stigler and Dunn discussed this item which involves transferring \$170,000 due to higher than anticipated turnover. Dunn said it costs more to fill a vacancy due to high training costs than it would to keep the position open. Overtime is paid to existing staff while a new employee completes the training process which takes seven to nine months. Dunn said they are adding two positions next year. In anticipation of this, staff made efforts to reduce spending wherever possible. Several operating accounts are estimated to finish the year under budget including: \$12,000 from contracted services; \$10,000 from software maintenance costs; \$4,000 from clothing; \$5,500 from office supplies and equipment; \$4,000 from telephone/internet charges; \$2,000 for third party computer costs; \$2,000 from unplanned building repair and maintenance; \$2,500 from security services; and \$5,000 from travel costs. Staff are also requesting \$88,000 of contingency funds to cover the remaining costs.

Heinrich was concerned about using contingency funds which he believes should only be used in emergency situations and he noted this issue was known at the beginning of the year. He also expressed disappointment that the Emergency Preparedness Director was not here today to discuss what he felt was a very important issue.

MOTION: Paulson moved, second by Morris to approve Fund Transfer 2014-01, Emergency Preparedness. Motion carried 6-1. Heinrich voted no.

Fund Transfer 2014-01: Sheriff – Transfer Funds from Operating Expenses to Personnel Expenses

Johnson discussed this item which involves transferring \$190,000 to cover greater than budgeted overtime expenses due to position vacancies. Funds are available in the areas of inmate food, inmate medical and various supply accounts.

Paulson asked how \$60,000 was available from inmate food services. Johnson advised the vendor did not request the annual allotted increase, as written in the contract, and the jail population was lower than budgeted.

MOTION: Whittow moved, second by Highum to approve Fund Transfer 2014-01, Sheriff. Motion carried 7-0.

Fund Transfer 2014-1090-01: Parks & Land Use – Transfer Funds from Operating Expenses to Interdepartmental Expenses

Mudek discussed this item which involves transferring \$30,000 to help cover costs associated with anticipated salt usage of \$19,000 for the remainder of the year mainly due to higher than expected usage in the first half of 2014. In addition, a transfer is also requested for repair and maintenance costs of department vehicles and equipment of \$11,000. The department is projecting operating expenses to be approximately \$43,700 under budget at year-end. The transfer request is coming from underspent consulting services accounts of \$30,000 related to correcting non-compliant storm water standards at new real estate developments.

MOTION: Paulson moved, second by Morris to approve Fund Transfer 2014-1090-01, Parks & Land Use. Motion carried 7-0.

Ordinance 169-O-090: Approve Amendment To Old Health And Human Services Building Smokestack Cellular Tower Lease

Petterson and Dunn were present to discuss this ordinance which amends an existing agreement between the County and New Cingular Wireless PCS, LLC for lease of the old Health and Human Services building smokestack for use as a cellular tower. Petterson said the amendment will allow for the installation of upgraded antennas and related equipment in exchange for an increased rental rate. The County will receive an additional \$5,538 annually, bringing the total rent received from New Cingular for this agreement to \$42,066 in 2015. The lease agreement contains a provision to permit the County to terminate if the status of the building changes. This ordinance results in no additional direct tax levy impact.

MOTION: Nelson moved, second by Zaborowski to approve Ordinance 169-O-090. Motion carried 7-0.

3rd Quarter Report on Proprietary Funds

Hein reviewed the report on the County's various enterprise and internal service funds. Those funds that showed a net income at the end of the 3rd quarter were the Naga-Waukeee Golf Course (\$276,124); Materials Recycling (\$785,196); Vehicle/Equipment Replacement (\$90,842); Central Fleet (\$123,852); Records Management (\$20,540); Communications (\$204,467); Risk Management/Workers Compensation (\$459,308); Collections (\$83,665); End User Technology (\$213,178); and Health Insurance (\$994,546). Those funds that showed a net loss were the Wanaki Golf Course (-\$77,872); Moor Downs Golf Course (-\$55,111); Naga-Waukeee Ice Arena (-\$59,382); Eble Park Ice Arena (-\$56,452); Airport (-\$70,429); and Radio Services (-\$101,098).

As a golf course user, Heinrich said he received a golf course questionnaire from the department requesting feedback on equipment, price increases, management, etc. He felt this was a positive step. Highum and Zaborowski also commented on efforts being made by the department to address ongoing revenue issues.

MOTION: Highum moved, second by Zaborowski to accept the 3rd quarter report on Proprietary Funds. Motion carried 7-0.

Ordinance 169-O-092: Approve 2015 Salary And Benefit Modifications For Non-Represented Employees

Cummings, Richter, and Gage were present to discuss this ordinance which authorizes a 1.1% across-the-board (ATB) wage increase for all non-represented County employees effective December 27, 2014. This would include all employees except elected officials, seasonal employees and those represented by the Wisconsin Professional Police Association. The fiscal impact of these changes is estimated at \$877,000. The ATB will affect approximately 1,211 full-time equivalent (FTE) budgeted regular full- and part-time positions and some temporary staff with similar classifications. Cummings said they were hoping for a 1.5% ATB but due to a tight budget that would not be possible.

Richter indicated this ordinance also authorizes a number of changes to the County's health plans for active employees resulting in approximately \$670,000 of cost savings. Since 2000 there have been over 30 health plan modifications to reduce costs for both the County and the employee. For 2015, employees will be paying more towards their Choice Plus premium. Both in-network and out-of-network deductibles will increase as will the out-of-pocket maximums. Prescription drug co-pays for tiers two and three will also increase. Richter discussed the County actuary's role in keeping health care costs down of which he gave examples. He noted the County will not be affected by the "Cadillac tax" due to plan design changes.

The County's actuary estimates an additional \$140,000 of first-year savings due to employee utilization of the Waukesha Employee Health and Wellness Center. These savings are not included in the fiscal analysis since it was previously authorized.

This ordinance also implements a policy whereby certain line staff (i.e., patrol workers, parks maintenance workers and expo workers) receive a temporary one-step salary increase (or two percent if at top of their range) when they perform lead work in the absence of their supervisor in the role of acting crew leader, acting park foreman and acting lead expo worker. This provision is anticipated to have a minimal fiscal impact since it replaces a more costly practice previously required under collective bargaining.

Richter said to continue the expansion of the Pay for Performance Program some positions will move from step to open salary ranges. This provision is not anticipated to have a fiscal impact during 2015 since affected employees' salary levels overlap with their new ranges. However, this provision is anticipated to result in longer-term, multi-year cost savings as positions move to the open system where they progress through their salary ranges annually with modest, performance-based pay adjustments. This provision will affect approximately 126 FTE budgeted positions.

The 2015 budget has sufficient funding for these changes and this ordinance results in no additional tax levy impact.

Richter distributed copies of "Summary of Waukesha County Salary Adjustments and Private Sector Survey" and "5-Year Summary of Waukesha County Health Plan Cost Changes by Percentage – Total Cost, County Cost, and Employee Cost." Four consulting/human resources firms representing both private and public sectors are reporting average wage increases of 1.78, 2.1, 2.3, and 2.1 in 2015. Also documented in the handout, proposed merit increases and performance awards for Waukesha County are also less than those being offered by other public and private entities.

Paulson left the meeting at 10:32 a.m. He urged committee members to support the ordinance. Nelson said the Human Resources Committee approved this ordinance by a 6-1 vote with Supervisor Jennifer Grant voting no.

MOTION: Morris moved, second by Nelson to approve Ordinance 169-O-092. Motion carried 6-0.

Ordinance 169-O-087: Modify The 2014 Budget Of The Department Of Public Works, Airport Division, To Appropriate Additional Revenues And Expenditures To The 2014 Airport Operating Budget

Stanich and Forrest were present to discuss this ordinance which authorizes the airport to appropriate projected above-budget revenues to cover estimated above budget expenditures by \$35,000. Forrest said estimated budget expenditures are mostly due to higher contracted snow removal costs due to the severe winter weather season experienced during the first quarter of 2014. Fuel sale revenues are estimated to be above budget by \$35,000 mainly due to increased corporate aircraft traffic and higher volume generated from the Fixed Based Operator offering less expensive fuel through operating efficiencies. This ordinance results in no additional tax levy impact.

MOTION: Highum moved, second by Zaborowski to approve Ordinance 169-O-087. Motion carried 6-0.

Ordinance 169-O-086: Modify The 2014 Department Of Public Works, Central Fleet Division Budget, To Appropriate Additional Revenues And Expenditures

Forrest and Rauchle were present to discuss this ordinance which appropriates \$205,000, a portion of estimated above-budget revenues, in the 2014 Central Fleet budget and increases expenditures by the same amount. Forrest indicated the funds are needed to cover the cost of parts and services associated with additional equipment repairs resulting from associated winter roadway maintenance work during the first quarter of 2014. Forrest noted Central Fleet operates as an internal service fund with costs recovered by charging user departments and hence, there is no direct tax levy in this fund. See Ordinance 169-O-088 below. Revenues earned by the department's Transportation Fund for maintenance on the State Trunk Highway system will fund the additional Central Fleet interdepartmental charges. This ordinance does not result in any additional direct tax levy impact.

MOTION: Morris moved, second by Whittow to approve Ordinance 169-O-086. Motion carried 6-0.

Ordinance 169-O-088: Modify The Transportation Fund 2014 Budget For Additional Year End State And County Highway Maintenance Work

Forrest and Chladil were present to discuss this ordinance which appropriates additional revenue and expenditure authority of \$540,000 in the department's 2014 Transportation Fund budget to cover higher than anticipated highway maintenance costs resulting from the severe winter weather season experienced during the first quarter of 2014. Forrest said personnel costs are anticipated to be about \$215,000 over budget, largely due to higher overtime costs. Also, interdepartmental charge expenses are projected to be about \$325,000 over budget mainly due to additional repair and maintenance work needed from the Central Fleet Division by about \$264,000. See Ordinance 169-O-086 above. Charges of \$61,000 for higher cost recovery cross charges between the County and State Highway Operations programs are the remaining amount above budget. The additional requested expenditure authority is partially funded with \$475,000 of higher than budgeted State revenue reimbursed on a time and materials basis for labor, equipment, administration and indirect costs associated with work performed on the State Trunk Highway system. The remaining costs are covered through another \$65,000 of above budget revenue achieved through the newly piloted Performance Based Maintenance (PBM)

quote system. In July 2014, the County Board authorized the department to participate in this program for State projects including shouldering, bridge deck sealing, and rout and seal work. Revenues were conservatively budgeted in the ordinance for this first-time project. This ordinance does not result in any additional direct tax levy impact.

MOTION: Morris moved, second by Whittow to approve Ordinance 169-O-088. Motion carried 6-0.

Morris noted the above three ordinances were approved by the Public Works Committee.

Ordinance 169-O-091: Modify The Medical Examiner's 2014 Budget To Appropriate Additional Revenues And Expenditures

Biedrzycki discussed this ordinance which authorizes the Medical Examiner to appropriate \$35,000 of additional charges for service revenues which are mostly generated from higher contract autopsy revenues from conducting more autopsies than anticipated in the budget. It also authorizes the appropriation of \$20,000 of additional fines and license revenues to the 2014 budget which are generated from issuing more cremation permits than anticipated. These additional revenues will be used to fund personnel expenditures for temporary/extra help needed to address the increased caseload in the office. The ordinance increases 2014 budget appropriations for personnel expenditures by \$55,000 to fund the above-mentioned costs. This ordinance results in no additional direct tax levy impact.

MOTION: Whittow moved, second by Highum to approve Ordinance 169-O-091. Motion carried 6-0.

Ordinance 169-O-083: Approve Wright Property Acquisition And Donation

Grimm discussed this ordinance which authorizes the department to purchase 69.5 acres and accept a donation of 3.65 acres of land in the Town of Waukesha. The negotiated selling price is \$175,000 (approximately \$2,500 per acre) and the department estimates related property acquisition costs of \$8,000 for a total of about \$183,000. There is sufficient expenditure authority remaining in the 2014 Walter J. Tarmann Parkland and Acquisition Fund to cover this land acquisition and related costs. The County has requested a letter of retroactivity from the State of Wisconsin Department of Natural Resources (DNR). Upon receipt, the department may be eligible to receive a stewardship grant reimbursement in the future for approximately half of the land purchase price to partially offset the cost of this acquisition.

Mader indicated a correction was made to the ordinance by the Land Use Committee. Grimm noted the tax key was typed incorrectly.

MOTION: Highum moved, second by Zaborowski to approve Ordinance 169-O-083. Motion carried 6-0.

MOTION: Nelson moved, second by Highum to adjourn at 11:05 a.m. Motion carried 6-0.

Respectfully submitted,

William J. Zaborowski
Secretary